

"Keep America Healthy. . . Invest in a Small Business". We promote a departmental policy to ensure that all small businesses receive a fair, equitable and impartial share of the contracts awarded.

Office of Small and Disadvantaged Business Utilization

Summary of HHS' Annual Report on Small Business Programs for Fiscal Year 2004

Introduction

The mission of the Health and Human Services' (HHS) Small Business Program is to promote the procurement preference programs within this Department. This report provides information on the goals and achievements to small businesses in acquisition programs within HHS. Progress made by small businesses, in FY 2004, represents an increase over the previous fiscal year.

This report summarizes and highlights the following information:

- Prime Contract Awards
- Small Business Awards
- Small Disadvantaged Business Awards
- Women-owned Small Business Awards
- HUBZone Awards
- Service-Disabled Veteran-owned Small Business Awards
- Outreach Program
- Small Business Competitiveness Demonstration Program

The dollars represented cover all acquisitions resulting from appropriated funds to purchase goods and services from sources outside the Federal Government. The data includes information, on individual contract actions that are more than \$25,000.

Executive Summary

OSDBU is an advocate for the small business community. We partner with our program offices, our acquisition personnel and our many vendors, to create customer satisfaction while supporting the vital mission of our Department. Our vision is to "unify the business process" which fully supports the "ONE HHS". Our agenda is focused on the following areas:

1. Policy;
2. Programs; and
3. Outreach Activities.

The background for these programs and activities are based on Federal legislation. Every agency with procurement authority is required by the Small Business Act of 1953, as amended by public law 95-507, to establish an office which reports to and only to, the Head of the Agency or his Deputy. The OSDBU Director is responsible for implementing and carrying out the duties and functions under the Small Business Act. The office carefully monitors policy to ensure that it reflects the needs of the small business community. We share information on procurement policies and procedures and provide guidance on programs that nurture entrepreneurial endeavors.

Significant emphasis is placed on the implementation of White House, Congressional and Office of Management and Budget policy initiatives that impact the small business community. Procurement goals are in concert with direction set by the Small Business Administration (SBA) and accomplishments in achieving agency-wide goals reflect the commitment of the Department to small businesses. Our programs are geared to assist the entire small business community.

Acquisition Program

OSDBU is an active member of the Department's Executive Committee on Acquisition, a group comprised of senior-level acquisition officials. OSDBU regularly reviews all policies as it relates to small businesses. During FY 2004, this office continued to work closely with the leaders of various operating divisions to ensure that they provided acquisition opportunities for small businesses to effectively compete.

Fiscal Year 2004 Achievements

The Department's acquisition dollar amount is used as the base for percentage calculations. The inputting of all award data in a timely and accurate manner is critical to our overall success in the small business area. We are measured and judged based on the data that is pulled from the FPDS. Below is a summary chart of the Department's Small Business Program.

Category	*FY 2004 Actual (\$ - %)	FY 2004 Goals (\$ - %)
	<i>Dollars in Millions</i>	
Total Acquisition	\$7,641	\$5,422
Small Business Awards	\$2,323 - 30.40%	\$1,643 - 30.3%
Small Disadvantaged Business Awards	\$ 678 - 8.88%	\$603 - 11.12%
8(a) Awards	\$ 114 - 1.49%	\$301 - 5.56%
Women-owned Small Business Awards	\$ 541 - 7.08%	\$274 - 5.05%
HUBZone Awards	\$ 142 - 1.86%	\$164 - 3.03%
Service-Disabled Veteran- owned Awards	\$ 22 - 0.29%	\$163 - 3.00%
<i>*Fiscal Year 2004 Actual is based on data provided by FPDS.</i>		

Small Business Program

The Federal Government's policy is that a fair portion of total acquisitions be awarded to small business concerns. In FY 2004, small businesses received approximately \$2.3 billion or 30.40 percent of all departmental awards.

It is the Department's policy to set-aside acquisitions entirely for small business concerns when there is a reasonable expectation that responses will be received from two or more small businesses to ensure competition. The small business set-aside program has enabled a greater number of small business concerns to participate in HHS' programs.

Small Disadvantaged Business Program

Executive Orders 12432 and 13170 requires Federal agencies to implement programs that will provide greater economic opportunities for small disadvantaged businesses. HHS' efforts to increase small disadvantaged business awards are as follows:

- Subcontract awards by prime contractors,
- Direct awards to small disadvantaged businesses, and
- Awards placed through the Small Business Administration under Section 8(a) of the Small Business Act.

In FY 2004, approximately \$113.6 million was awarded to 8(a) firms, representing 1.49 percent of total awards. Awards won by small disadvantaged businesses in open competition amounted to \$678.3 million or 8.88 percent of the total awards.

Women-owned Small Business Program

Executive Order 12138 created the President's Advisory Committee on Women Business Ownership and challenged the Federal Government to assist women-owned businesses in their growth and development. HHS extends a particular effort to ensure that women-owned businesses have an equitable opportunity to participate in the Department's procurement programs. The Department exceeded the federally mandated goal of five percent. Women-owned small business received \$541.2 million, representing 7.08 percent of the total dollar amount of all prime contracts awarded in FY 2004.

Women-owned Small Business Initiative Committee (WOSBIC)

Mission Statement

WOSBIC is dedicated to uniting, networking and promoting women-owned small business and professional organizations; providing the latest news, events and trends that affect women. The WOSBIC strives to develop and advance new initiatives, policies and programs designed to foster women-owned business enterprises. They originate strategies to increase the share of Federal procurement dollars going to women-owned small business and continue to sponsor marketplaces and other outreach activities.

HUBZone Program

This program seeks to encourage economic development in historically underutilized business zones – “HUBZone” – through the establishment of preferences for award of Federal contracts to small businesses located in such areas. The HUBZone Empowerment Contracting Program was enacted into law as part of the Small Business Reauthorization Act of 1997. The program falls under the auspices of the U. S. Small Business Administration.

The statute set government-wide goals for HUBZone contracts. In fiscal year 2004, the goal was set at 3.03 percent, HHS awarded \$141.8 million or 1.86 percent of the mandatory goal.

Service-Disabled Veteran-owned Program

The purpose of the “*Veterans Entrepreneurship and Small Business Development Act of 1999*”, (P. L. 106-50), is to expand existing and establish new assistance programs for veterans who own or operate small businesses. The Act accomplishes this purpose by:

1. expanding the eligibility for certain small business assistance programs to include veterans;
2. directing certain departments and agencies of the United States to take actions that enhance small business assistance to veterans; and
3. establishing new institutions to provide small business assistance to veterans or to support the institutions that provide such assistance.

The statute set government-wide goals for service-disabled veteran-owned small businesses. The goal was set at 3.0 percent and HHS awarded \$21.8 million or 0.29 percent of the mandatory goal.

Outreach Activities

OSDBU establishes and maintains outreach programs for small, small disadvantaged, women-owned, HUBZone and service-disabled veteran-owned small businesses to provide a flow of information to these concerns about HHS’ small business programs. Outreach activities are an integral facet of the OSDBU agenda.

Outreach Activities Include:

- Providing counseling and marketing assistance to firms interested in doing business with HHS;
- Participating in conference workshops sponsored by Federal, State, and local governments;
- Participating in Congressionally sponsored acquisition conferences;
- Participating in special small, small disadvantaged and women-owned small business events; and
- Participating in annual conferences sponsored by National and Regional organizations.

OSDBU has participated in activities sponsored by such organizations as the National Business League, National Contract Management Association, National Association of Black Procurement Professional, National Associated of Professional Asian American Women, Latin American Management Association and Women Impacting Public Policy. OSDBU coordinated departmental participation in many small business conferences throughout the year.

Vendor Outreach Sessions

OSDBU continues to conduct monthly “Vendor Outreach Sessions”, which provides information on how to do business with HHS. These sessions offer participants, a comprehensive overview of the organizational structure of HHS. These sessions include:

- Marketing techniques for potential contractors on how to make their capabilities and services known.
- Information from either a program office representative or a contracting officer.
- One-on-one meetings with each component.
- Copies of our technical assistance publications.

OSDBU partnered on various small business outreach efforts with the Departments of Treasury, Defense, Commerce, Veterans Administration, Agriculture, and State, as well as, the Small Business Administration. The OSDBU staff, in conjunction with the small business specialists, participated in these workshops.

Small Business Competitiveness Demonstration Program

The Small Business Competitive Demonstration Program was established by Title VII of Public Law 100-656, the “Business Opportunity Reform Act of 1988”. The program began on January 1, 1989. It is being conducted under the test authority established by Section 15 of the Office of Federal Procurement Policy (OFPP) Act. The Small Business Administration is designated as Executive Agent for conducting the test.

The purposes of the program are threefold:

- To determine if small businesses can successfully compete on an unrestricted basis for Federal contracts;
- To determine if the use of targeted goaling techniques can expand small business participation in areas where Federal contracting opportunities have been historically low despite adequate numbers of qualified small business contractors in the economy; and
- To demonstrate whether the expanded use of full and open competition adversely affects small business participation in certain industry groups.

Under this program, small business set-asides are eliminated for procurements with an anticipated award value of more than \$25,000. For architectural and engineering (A&E) services, the value is \$50,000. The other designated industry groups are listed below:

1. Construction
2. Refuse systems and related services
3. Non-nuclear ship repair

The following data reflects HHS' accomplishments for fiscal year 2004.

**Small Business Competitive Demonstration Program
Designated Industry Groups (DIGs)**

<u>Category</u>	<u>Percentage</u>
Construction:	
NAICS Group 236: (excluding 233110)	
Small Business	33.5
Emerging Small Business	0.0
NAICS Group 237:	
Small Business	75.3
Emerging Small Business	0.0
NAICS Group 238:	
Small Business	82.3
Emerging Small Business	0.0
Refuse Systems and Related Services:	
Small Business	95.9
Emerging Small Business	0.0
Architectural & Engineering:	
Small Business	25.0
Emerging Small Business	0.0
*Non-Nuclear Ship Repair:	
Small Business	(-)
Emerging Small Business	(-)

**(-) No Activity*